

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 13, 1995

SUBJECT: **SB 673 - HB 855**

This bill, if enacted, will require the state to reimburse hospitals at rates that cover their costs and that persons eligible for medical assistance have access to hospital care taking into account geographic location and reasonable travel time. This bill also prohibits the state from seeking waiver from the federal government of the reimbursement rate standards found in 42 U.S.C. 1396(A)(13)(A).

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures to the TennCare Program. Hospitals would have to be paid at rates determined by them to be necessary to meet their costs, rather than at rates negotiated by the managed care organizations. Hospitals would be allowed to renegotiate their reimbursement rates upon passage of this bill. A significant cost control procedure utilized by managed care organizations would be eliminated. The amount of increase to the TennCare Program cannot be reasonably determined but is estimated to exceed \$1,000,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director